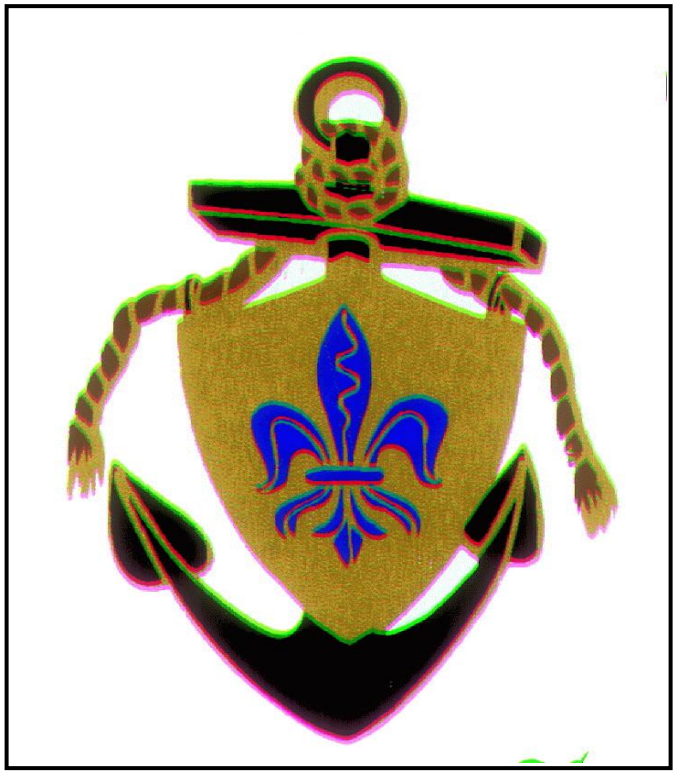

Medium Term Revenue and Expenditure Framework.

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 April 2009.

"Shared prosperity through co-operative participation"

ANNUAL DRAFT BUDGET 2017/2018

SWELLENDAM MUNICIPALITY

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GLOSSARY ..... **IV**

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

AFS – Annual Financial Statements.

Budget – The financial plan of the Swellendam Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

CFO – Chief Financial Officer of Swellendam Municipality

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position.

NT – National Treasury

Net Assets – Net assets are the residual interest in the assets of the entity after deducting all its liabilities. This means the net assets of the municipality equates to the "net wealth" of the municipality, after all assets were sold/recovered and all liabilities paid. Transactions which do not meet the definition of Revenue or Expenses, such as increases in values of Property, Plant and Equipment where there is no inflow or outflow of resources are accounted for in Net Assets.

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed ratable value is multiplied by the rate in the rand.

R&M – Repairs and maintenance on property, plant and equipment.

SCM – Supply Chain Management.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized expenditure – Generally, **s**pending without, or in excess of, an approved budget.

Virement – A transfer of budget.

Virement Policy – The policy that sets out the rules for budget transfers.

Vote – One of the main segments into which a budget. In Swellendam Municipality this means at directorate level. The votes for Swellendam therefore are:

- Municipal Manager;
- Corporate Services;
- Financial Services;
- Engineers Services; and
- Community Services

Part 1 – Annual Budget

Section 1 – Mayor's Report

MY COMPREHENSIVE REPORT WILL BE INCLUDED IN THE FINAL BUDGET WHICH WILL BE TABLED AT THE END OF 30 MAY 2017

For the interim I wish to give a summary of what my intent was with the compiling process of the 2017/18 budget and what we as Council envisage to achieve with it. Broadly, the following principles were followed:

Once again we are reminded that given on-going economic pressures, the revenue side of the municipal budget will continue to be constrained, so we will need to make some very tough decisions on the expenditure side of the budget.

Priority still needs to be given to:

- Ensuring that drinking water and waste water management meets the required quality standards at all times;
- Protecting the poor;
- Ensure that *public investments, services, regulations and incentives* are focussed in defined spatial areas (spatial targeting) to optimise overall connectivity and access to opportunities;
- Provide clear signals to private sector;
- Transport, human settlements, bulk infrastructure, economic infrastructure, land use management (e.g. zoning), tax and subsidy incentives;
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation especially through the jobs fund project;
- Securing the health of the asset base (especially the municipality's revenue generating assets) by increasing spending on repairs and maintenance;
- Expediting spending on capital projects that are funded by conditional grants; and
- To implement cost containment measures

Furthermore we must also ensure that the capital budget reflects consistent efforts to address the backlogs in basic services and the renewal of the infrastructure of existing network services.

Section 2 - Council Resolutions

The Annual Budget will be presented to council for final approval in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) at the council meeting scheduled for May.

The annual budget for the financial year 2017/18 contains multi-year and single-year capital appropriations as set out in the following tables:

- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.

The annual budget as tabled for the financial year 2017/18 also contains the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
- Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;
- Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
- Asset management as contained in Section 4 of the annual budget report Table A9; and
- Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.

The proposed tariffs, charges and fees for 2017/ 2018 for property rates; electricity-; water-; sanitation; solid waste services and other services charges as set out in Annexure A.

Budget related polices

The contents of the annual budget is set out in section 17 of the MFMA. In terms of section 17 (3) (e) if the MFMA the budget proposals must also contain proposed amendments to the budget related polices.

The following budget related polices exist currently and have been circulated by email to all councillors as it is too costly to circulate printed copies:

1. Client services, Credit Control and Debt Collection Policy
2. Bad Debt Write off Policy
3. Rates Policy
4. Banking, Cash Management end Investment Policy
5. Budget Policy
6. Funding and Reserve Policy
7. Tariff Policy
8. Indigent Support Policy
9. Supply Chain Management Policy Principles and Operational Systems
10. Preferential Procurement Policy
11. Petty Cash Policy
12. Irregular Expenditure
13. Asset Management policy

Section 3 - Executive Summary

The application of sound financial management principles for the compilation of the Municipalities financial plan it is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No. 85 and 86 were used to guide the compilation of the 2017/18 MTREF.

The following table is a consolidated overview of the proposed 2016/17Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview

	Adjustment Budget 16/17 R'000	Original Budget 17/18 R000	% Change
Total Operating Revenue	219 379	216 221	-1%
Total Operating Expenditure	234 174	232 130	-1%
Surplus / (Deficit)	-14 795	-15 909	8%
Capital Expenditure	21 405	18 761	-12%

The total operating revenue has decreased by 1% in the 2017/18 financial year when compared to the 2016/17 Adjustment Budget.

Total operating expenditure for the 2017/18 financial year has been appropriated at R 232.130 million, resulting in an operating budgeted deficit of R15.909 million.

However, when the non-cash entries, are discounted, a cash surplus of R1.017 million realizing. Therefor the budget is cash funded.

The capital budget of R 18 761million for 2017/18 is 12% lower when compared to the 2016/17 Adjustment Budget. The capital budget will be funded from Conditional Grants as well as the Capital Replacement Fund. The Capital Replacement Funds will contribute R3.950 million of the capital expenditure. There is very little scope to accommodate an increase in the existing borrowing levels over the medium-term and for this reason the capital program as reflected in the IDP and consequently requested by the officials in the annual budget input process was absolutely cut to a level which is affordable.

3.1 Operating Revenue Framework

For Swellendam to improve the quality of services to its citizens, it needs to generate the required revenue to fund the cost of delivering the services as anticipated. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures, such as employee cost against realistically anticipated revenues.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

Table 2 - Summary of revenue classified by main revenue source

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source				
Property rates	2	34 958	37 409	40 032
Service charges - electricity revenue	2	69 609	73 098	76 761
Service charges - water revenue	2	13 800	14 769	15 807
Service charges - sanitation revenue	2	13 068	14 011	15 021
Service charges - refuse revenue	2	8 113	8 712	9 358
Service charges - other		64	68	72
Rental of facilities and equipment		1 570	1 665	1 764
Interest earned - external investments		2 461	2 609	2 765
Interest earned - outstanding debtors		2 087	2 212	2 344
Dividends received		–	–	–
Fines, penalties and forfeits		26 818	27 347	27 908
Licences and permits		896	949	1 006
Agency services		1 705	1 807	1 916
Transfers and subsidies		52 074	60 314	58 611
Other revenue	2	1 807	1 916	2 031
Gains on disposal of PPE		2 000	2 000	2 000
Total Revenue (excluding capital transfers and contributions)		**231 031**	**248 885**	**257 397**

Revenue generated from rates and services charges forms a significant percentage of the revenue basket of the Municipality. Rates and service charge revenues comprise 60,4% of the total revenue mix. The percentage revenue generated from rates and services charges in comparison with total revenue is largely due to the share that the sale of electricity contributes

to the total revenue mix. This also clearly indicated that the municipalities revenue base is very dependent on the sales of electricity and thus any external decision impacts on it, influenced the revenue in particular and the entire total budget. This electricity sensitivity is not healthy for the municipality and could have a severe impact if this important revenue resource is threatened by externalities and/or if it is to be withdrawn as a critical function from municipalities. The profit contribution of electricity sales is decreasing every year. The above table includes revenue foregone and tax rebates arising from discounts and rebates associated with the tariff policies of the Municipality, as the revenue as indicated reflects net figures.

Operating grants and transfers represent R52.074 million in the 2017/18 financial year. This amount and the amounts for the outer years are minimum guaranteed transfers from National Government as gazette in the latest DORA. The aforementioned amount has a direct link to expenditure on operational grants, and is only recognized as revenue when the conditions of the transfers made has been met. It might differ from the grants received.

The following table gives a breakdown of the various capital grants and subsidies allocated to the municipality over the medium term as proclaimed in the government gazette:

Table 3 Operating Transfers and Grant Receipts

WC034 Swellendam - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2			
Operating Transfers and Grants				
National Government:		**31 449**	**33 331**	**36 483**
Local Government Equitable Share		26 201	29 045	31 507
Integrated National Electrification Programme		246	246	860
Finance Management		1 700	1 955	1 955
EPWP Incentive		1 291		
Municipal Systems Improvement			–	
Municipal Infrastructure Grant (MIG)		2 011	2 085	2 161
Provincial Government:		**5 815**	**14 808**	**5 631**
Thuong services			100	
Replacement funding Library		4 675	4 868	5 151
Financial management capasicity		50		
Housing		850	9 480	
Financial management capacity		240	360	480
District Municipality:		**–**	**–**	**–**
[insert description]				
Other grant providers:		**–**	**–**	**–**
[insert description]				
Total Operating Transfers and Grants	5	**37 264**	**48 139**	**42 114**
Capital Transfers and Grants				
National Government:		**14 810**	**12 175**	**16 947**
Municipal Infrastructure Grant (MIG)		10 056	10 421	10 807
INEP		1 754	1 754	6 140
Human Settlement		3 000		
Provincial Government:		**–**	**–**	**–**
Other capital transfers/grants [insert description]				
District Municipality:		**–**	**–**	**–**
[insert description]				
Other grant providers:		**–**	**–**	**–**
[insert description]				
Total Capital Transfers and Grants	5	**14 810**	**12 175**	**16 947**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**52 074**	**60 314**	**59 061**

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the upper limit (ceiling) of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc.
For this reason the existing and prescribed inflation rate of ± 6.6% is merely impossible to be instituted as benchmark in determine the anticipated cost increases. The current challenge facing the Municipality is to manage the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Municipalities have to review the level and structure of their water and sanitation tariffs carefully with a view to ensuring that water and sanitation tariffs are on aggregate fully cost-reflective – inclusive of bulk cost of water, the cost of maintenance and renewal of purification/treatment plants and network infrastructure, and the cost of new infrastructure. Water and sanitation tariffs must also be structured to protect basic levels of service, and water and sanitation tariffs are designed to encourage efficient and sustainable consumption. (e.g. through inclining blocks tariffs).

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However, during the past few years, Council has approved water tariffs which were not realized sufficient funds to make a substantial profit. Unfortunately the latter is applicable in this budget again with a profit of only R401 thousand. However ,this history of unrealistic low tariffs for water cannot be tolerated further and a comprehensive analyses of the water, sanitation and refuse tariff structure need to be performed by specialist experts in this field .If it is then evident that the tariff structures are insufficient and that the municipality's water and sanitation tariffs are not fully cost reflective, the municipality should develop a pricing strategy to phase-in the necessary tariff increases in a manner that spreads the impact on consumers over a period of time. It may also be that the cost of purification is too high and be investigated.

The proposed tariff increases are set at:

- Property rates - 9.5 %
- Electricity - Between 0.2% and 2% (to be determined by NERSA)
- Water (units) - 6.5%
- Refuse Removal - 8 %
- Sewerage - 8 %

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on income range middle and affordable households, as well as an indigent household receiving free basic services.

Table 5– Household bills

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

WC034 Swellendam - Supporting Table SA14 Household bills

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			
Rand/cent		Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Middle Income Range'	1				
Rates and services charges:					
Property rates		9.5%	555.05	591.13	629.55
Electricity: Basic levy		1.9%	275.00	292.87	311.91
Electricity: Consumption		1.5%	1 457.24	1 551.96	1 652.83
Water: Basic levy		32.3%	64.00	68.16	72.59
Water: Consumption		2.0%	250.40	266.67	284.01
Sanitation		8.0%	236.06	251.40	267.74
Refuse removal		8.0%	119.40	127.17	135.43
Other					
sub-total		–	**2 957.14**	**3 149.35**	**3 354.06**
VAT on Services		27.0%	414.00	440.91	469.57
Total large household bill:		–	**3 371.14**	**3 590.26**	**3 823.63**
% increase/-decrease			**6.6%**	**6.5%**	**6.5%**

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

WC034 Swellendam - Supporting Table SA14 Household bills

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework			
Rand/cent		Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Affordable Range'	2				
Rates and services charges:					
Property rates		9.5%	405.16	431.50	459.54
Electricity: Basic levy		1.7%	91.50	97.45	103.78
Electricity: Consumption		1.5%	567.99	604.91	644.23
Water: Basic levy		32.3%	64.00	68.16	72.59
Water: Consumption		2.0%	194.59	207.24	220.71
Sanitation		8.0%	236.06	251.40	267.74
Refuse removal		8.0%	119.40	127.17	135.43
Other					
sub-total		–	**1 678.71**	**1 787.83**	**1 904.04**
VAT on Services		37.8%	235.02	250.30	266.57
Total small household bill:		–	**1 913.73**	**2 038.13**	**2 170.60**
% increase/-decrease			**8.8%**	**6.5%**	**6.5%**

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free

WC034 Swellendam - Supporting Table SA14 Household bills

Description Rand/cent	Ref	2017/18 Medium Term Revenue & Expenditure Framework Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Monthly Account for Household - 'Indigent' Household receiving free basic services	3				
Rates and services charges:					
Property rates			–	–	–
Electricity: Basic levy				–	–
Electricity: Consumption		1.0%	317.99	338.66	360.68
Water: Basic levy				–	–
Water: Consumption		2.0%	138.81	147.84	157.44
Sanitation					
Refuse removal					
Other					
sub-total		**1.3%**	**456.80**	**486.50**	**518.12**
VAT on Services		1.3%	63.95	68.11	72.54
Total small household bill:		**1.3%**	**520.76**	**554.61**	**590.66**
% increase/-decrease			**1.3%**	**6.5%**	**6.5%**

From the above tables it is evident that the total average increase in the total monthly accounts will be:

1. Middle income group 6.6%/month

2. Low income group 8.8%/month

3. Indigent group 1.3%/month

Income forgone (Free Basic Services and other rebates)

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. Rebates and exemptions in terms of sec. 15 of the Municipal Property Rates Act of 2004 are applicable to those who qualify for it in terms of the act.

Currently all residential households receive 6kl water and 20kWh electricity as free basis service.

To receive these rebates and free services the households are required to register in terms of the Municipality's Indigent Policy.

At present there are 1800 indigent households and 175 poor households which are entitled to rebates and subsidies as defined and set out in Councils Credit Control Policy.

The total cost of the social package in respect of the income forgone on free services is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act. The rebates on the tax are largely discounted as a direct cost.

3.2 Operating Expenditure Framework

The following table is a high level summary of the 2017/2018 budget and MTREF (classified per main type of operating expenditure):

Table 6 - Summary of operating expenditure by standard classification item

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Expenditure By Type				
Employee related costs	2	84 616	90 904	97 705
Remuneration of councillors		5 124	5 508	5 921
Debt impairment	3	20 000	20 057	20 116
Depreciation & asset impairment	2	10 830	11 430	12 053
Finance charges		6 193	6 573	6 972
Bulk purchases	2	53 280	55 944	58 741
Other materials	8	14 629	15 509	16 377
Contracted services		–	–	–
Transfers and subsidies		1 582	1 672	1 766
Other expenditure	4, 5	35 876	44 061	36 417
Loss on disposal of PPE				
Total Expenditure		**232 130**	**251 658**	**256 068**

The budgeted allocation for employee related costs for the 2017/18 financial year totals to R84.616million, which represents 36% of the total expenditure budget. Based on the guideline, provided by National Treasury, salary increases have been factored into this budget at a percentage increase of CPI plus 1% for the 2017/18 financial year. The implementation of TASK had a substantial influence on the employee related costs.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public

Office Bearers Act, 1998 (Act 20 of 1998).The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.
The provision for debt impairment was determined based on an annual collection rate of 98 %. The previous financial year the collection rate was over 100% and currently for this financial year it is 100.1%.

The accumulated provision is over funded at present and it was appropriate to lower the budgeted provision accordingly.

Provision for depreciation and asset impairment has been informed by the asset register and proposed capital budget. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R10.830 million for the 2017/18 financial year and represent 4.7% of the total operating expenditure.
Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges representing 2.7% (R6.193 million) of operating expenditure excluding annual redemption for 2017/18.

Bulk purchases are directly influenced by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly impacting the revenue provisions. The expenditure includes distribution losses. Bulk purchases represent 22.95 % (R53.280 million) of operating expenditure for the 2017/18 financial year.

Other expenditure comprises of various line items relating to the daily operations of the municipality; as example the operational expenditure on grants and subsidies, repairs and maintenance and other services. Growth on line items other than those linked to grant expenditure has been limited. Further details relating to other expenditure can be seen in Table SA1.

Repairs and maintenance

In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance are not considered a direct expenditure river but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. At current the Municipality cannot report on the outcome of the different cost drivers combined to Repairs and maintenance. The table below provides a breakdown of the repairs and maintenance in relation to asset class and reflects only purchase of materials and some contracted services.

Table 7 - Repairs and maintenance per asset class

WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class				
Infrastructure		**8 693**	**9 122**	**9 633**
Roads Infrastructure		2 211	2 271	2 398
Roads		73	11	11
Road Structures		1 874	1 981	2 092
Road Furniture		264	280	295
Capital Spares		–	–	–
Storm water Infrastructure		663	701	740
Drainage Collection		–	–	–
Storm water Conveyance		663	701	740
Attenuation		–	–	–
Electrical Infrastructure		1 291	1 365	1 442
Power Plants		–	–	–
HV Substations		–	–	–
HV Switching Station		–	–	–
HV Transmission Conductors		1 284	1 357	1 433
MV Substations		–	–	–
MV Switching Stations		–	–	–
MV Networks		–	–	–
LV Networks		7	8	8
Capital Spares		–	–	–
Water Supply Infrastructure		2 310	2 442	2 578
Dams and Weirs		10	11	11
Boreholes		–	–	–
Reservoirs		674	713	752
Pump Stations		–	–	–
Water Treatment Works		1 583	1 673	1 767
Bulk Mains		–	–	–
Distribution		43	45	48
Distribution Points		–	–	–
PRV Stations		–	–	–
Capital Spares		–	–	–
Sanitation Infrastructure		1 160	1 227	1 295
Pump Station		–	–	–
Reticulation		353	373	394
Waste Water Treatment Works		807	853	901
Outfall Sewers		–	–	–
Toilet Facilities		–	–	–
Capital Spares		–	–	–
Solid Waste Infrastructure		1 056	1 116	1 179
Landfill Sites		1 056	1 116	1 179
Waste Transfer Stations		–	–	–
Waste Processing Facilities		–	–	–
Waste Drop-off Points		–	–	–
Waste Separation Facilities		–	–	–
Electricity Generation Facilities		–	–	–

Community Assets	**1 293**	**1 413**	**1 492**
Community Facilities	964	1 064	1 124
Halls	215	273	288
Centres	–	–	–
Crèches	–	–	–
Clinics/Care Centres	–	–	–
Fire/Ambulance Stations	161	171	180
Testing Stations	–	–	–
Museums	–	–	–
Galleries	–	–	–
Theatres	–	–	–
Libraries			
Cemeteries/Crematoria	116	122	129
Police	–	–	–
Purls	–	–	–
Public Open Space	472	499	527
Nature Reserves	–	–	–
Public Ablution Facilities	–	–	–
Markets	–	–	–
Stalls	–	–	–
Abattoirs	–	–	–
Airports	–	–	–
Taxi Ranks/Bus Terminals	–	–	–
Capital Spares	–	–	–
Sport and Recreation Facilities	329	348	368
Indoor Facilities	–	–	–
Outdoor Facilities	329	348	368
Capital Spares	–	–	–
	1	1	1
Investment properties	**196**	**207**	**219**
Rev enue Generating	196	207	219
Improved Property	–	–	–
Unimproved Property	196	207	219
Other assets	**526**	**556**	**588**
Operational Buildings	526	556	588
Municipal Offices	506	535	565
Pay/Enquiry Points	–	–	–
Building Plan Offices	–	–	–
Workshops	–	–	–
Yards	–	–	–
Stores	20	21	23
Laboratories	–	–	–
Training Centres	–	–	–
Manufacturing Plant	–	–	–
Depots	–	–	–
Capital Spares	–	–	–
Computer Equipment	2 500	2 642	2 790
Computer Equipment	2 500	2 642	2 790
Furniture and Office Equipment	89	94	99
Furniture and Office Equipment	89	94	99

Machinery and Equipment		541	572	604
Machinery and Equipment		541	572	604
Transport Assets		2 536	2 680	2 830
Transport Assets		2 536	2 680	2 830
Libraries		283	299	315
Libraries		283	299	315
Zoo's, Marine and Non-biological Animals		–	–	–
Zoo's, Marine and Non-biological Animals				
Total Repairs and Maintenance Expenditure	1	**16 656**	**17 585**	**18 570**

For the 2017/18 financial year, 7.2 % of Repairs and maintenance form part of the total expenditure.

Grants made by the municipality

WC034 Swellendam - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash Transfers to Organisations				
BYDRAE-LOWER BREEDE RVER CONS. Donasie		330	349	368
SWELLENDAM TOURIST ORGANISATION		1 252	1 323	1 397
Total Cash Transfers To Organisations		**1 582**	**1 672**	**1 766**
TOTAL CASH TRANSFERS AND GRANTS	6	**1 582**	**1 672**	**1 766**

3.3 Capital expenditure

The table below provides a breakdown of budgeted capital expenditure by vote.

Table 8 - Capital budget per vote

WC034 Swellendam - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure	1			
Vote 1 - Municipal Manager		15	–	–
Vote 2 - Corporate Services		151	800	200
Vote 3 - Finance Service		810	1 930	1 730
Vote 4 - Engineers Service		12 992	401	410
Vote 5 - Community Services		4 793	230	263
List entity summary if applicable				
Total Capital Expenditure		**18 761**	**3 361**	**2 603**

The table below provides a breakdown of budgeted capital expenditure per asset class.

Table 9 - Capital budget per asset class

WC034 Swellendam - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class				
Infrastructure		**13 013**	**250**	**250**
Roads Infrastructure		4 150	–	–
Roads		–	–	
Road Structures		3 789	–	
Road Furniture		361	–	
Capital Spares		–	–	
Storm water Infrastructure		–	–	–
Drainage Collection		–	–	
Storm water Conveyance		–	–	
Attenuation		–	–	
Electrical Infrastructure		2 154	250	250
Power Plants		–	–	
HV Substations		2 004	250	250
HV Switching Station		–	–	
HV Transmission Conductors		–	–	
MV Substations		–	–	
MV Switching Stations		–	–	
MV Networks		–	–	
LV Networks		–	–	
Capital Spares		150	–	
Water Supply Infrastructure		4 016	–	–
Dams and Weirs		1 930	–	
Boreholes		–	–	
Reservoirs		1 286	–	
Pump Stations		370	–	
Water Treatment Works		180	–	
Bulk Mains		–	–	
Distribution		250	–	
Distribution Points		–	–	
PRV Stations		–	–	
Capital Spares		–	–	
Sanitation Infrastructure		2 643	–	–
Pump Station		450	–	
Reticulation		–	–	
Waste Water Treatment Works		2 193	–	
Outfall Sewers		–	–	
Toilet Facilities		–	–	
Capital Spares		–	–	
Solid Waste Infrastructure		50	–	–
Landfill Sites		50		
Waste Transfer Stations		–		
Waste Processing Facilities		–		
Waste Drop-off Points		–		
Waste Separation Facilities		–		
Electricity Generation Facilities		–		
Capital Spares		–		

Community Assets		**902**	**800**	**200**
Community Facilities		10	800	200
Halls		–		
Centres		–		
Crèches		–		
Clinics/Care Centres		–		
Fire/Ambulance Stations		–		
Testing Stations		–		
Museums		–		
Galleries		–		
Theatres		–		
Libraries		–		
Cemeteries/Crematoria		–		
Police		–		
Purls		–		
Public Open Space		10		
Nature Reserves		–		
Public Ablution Facilities		–		
Markets		–		
Stalls		–		
Abattoirs		–		
Airports		–		
Taxi Ranks/Bus Terminals		–	800	200
Capital Spares		–		
Sport and Recreation Facilities		892	–	–
Indoor Facilities		–		
Outdoor Facilities		892		
Capital Spares		–		
Other assets		**3 650**	**–**	**–**
Operational Buildings		650	–	–
Municipal Offices		50		
Pay/Enquiry Points		–		
Building Plan Offices		600		
Workshops		–		
Yards		–		
Stores		–		
Laboratories		–		
Training Centres		–		
Manufacturing Plant		–		
Depots		–		
Capital Spares		–		
Housing		3 000	–	–
Staff Housing		–		
Social Housing		3 000		
Capital Spares		–		
Computer Equipment		700	1 600	1 600
Computer Equipment		700	1 600	1 600
Furniture and Office Equipment		186	270	270
Furniture and Office Equipment		186	270	270
Machinery and Equipment		80	11	48
Machinery and Equipment		80	11	48
Transport Assets		230	430	235
Transport Assets		230	430	235
Total Capital Expenditure on new assets	1	**18 761**	**3 361**	**2 603**

For 2017/18 an amount of R 13.013 million has been appropriated for the development of infrastructure which represents 69.4 % of the total capital budget.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management) whilst Tables SA34a, SA34b, SA34c, SA34d provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal, operational repairs and maintenance and depreciation charges by asset class.

The table below provides a breakdown of budgeted capital expenditure by funding source.

WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funded by:				
National Government		14 810		
Provincial Government				
District Municipality				
Other transfers and grants				
Transfers recognised - capital	4	**14 810**	**–**	**–**
Public contributions & donations	5			
Borrowing	6			
Internally generated funds		3 951	3 361	2 603
Total Capital Funding	7	**18 761**	**3 361**	**2 603**

Section 4 - Annual Budget Tables

Section 4 presents the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF as tabled to Council. Each table is accompanied by *explanatory notes* on the facing page.

Table A1 - Budget Summary

WC034 Swellendam - Table A1 Budget Summary

Description	2017/18 Medium Term Revenue & Expenditure Framework		
R thousands	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance			
Property rates	34 958	37 409	40 032
Service charges	104 654	110 658	117 019
Investment revenue	2 461	2 609	2 765
Transfers recognised - operational	37 264	48 139	41 664
Other own revenue	36 883	37 896	38 970
Total Revenue (excluding capital transfers and contributions)	216 221	236 710	240 450
Employee costs	84 616	90 904	97 705
Remuneration of councillors	5 124	5 508	5 921
Depreciation & asset impairment	10 830	11 430	12 053
Finance charges	6 193	6 573	6 972
Materials and bulk purchases	67 909	71 452	75 118
Transfers and grants	1 582	1 672	1 766
Other expenditure	55 876	64 119	56 534
Total Expenditure	232 130	251 658	256 068
Surplus/(Deficit)	(15 909)	(14 948)	(15 618)
Transfers and subsidies - capital (monetary allocations) (National	14 810	12 175	16 947
Contributions recognised - capital & contributed assets	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(1 099)	(2 773)	1 329
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	(1 099)	(2 773)	1 329
Capital expenditure & funds sources			
Capital expenditure	18 761	3 361	2 603
Transfers recognised - capital	14 810	–	–
Public contributions & donations	–	–	–
Borrowing	–	–	–
Internally generated funds	3 951	3 361	2 603
Total sources of capital funds	18 761	3 361	2 603
Financial position			
Total current assets	65 411	72 065	88 707
Total non current assets	303 106	311 646	318 893
Total current liabilities	34 340	35 182	36 045
Total non current liabilities	95 200	100 200	105 000
Community wealth/Equity	238 977	248 329	266 555
Cash flows			
Net cash from (used) operating	(5 518)	1 254	15 692
Net cash from (used) investing	(1 951)	2 000	2 000
Net cash from (used) financing	(2 700)	(2 900)	(3 250)
Cash/cash equivalents at the year end	21 411	21 765	36 207
Cash backing/surplus reconciliation			
Cash and investments available	21 411	21 765	36 207
Application of cash and investments	(3 171)	(8 168)	(9 695)
Balance - surplus (shortfall)	24 582	29 933	45 902
Asset management			
Asset register summary (WDV)	298 306	296 021	296 113
Depreciation	10 830	11 430	12 053
Renewal of Existing Assets	–	–	–
Repairs and Maintenance	16 656	17 585	18 570
Free services			
Cost of Free Basic Services provided	8 436	8 931	9 451
Revenue cost of free services provided	3 896	4 165	4 452
Households below minimum service level			
Water:	–	–	–
Sanitation/sewerage:	–	–	–
Energy:	–	–	–
Refuse:	–	–	–

Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphasizes the importance of how the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget.
   The Budget Summary provides the key information in this regard:
   a. The operating surplus/deficit (after Total Expenditure) is supposed to be positive over the MTREF.
   b. Capital expenditure is balanced by capital funding sources, of which
      i. Transfers recognized is reflected on the Financial Performance Budget;
      ii. Borrowing is incorporated in the net cash from financing in the Cash Flow Budget
      iii. Internally generated funds are supposed to be financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The municipality's cash flow should remain positive. The cash flow is **indicating that there is limited cash resources** available to fund the Capital Budget and that the municipality is dependent on borrowing and Government Grants and Subsidies to finance future capital needs
      iv. This scenario will remain a reality unless Council embarked on a process on building cash reserves which will have a direct impact on future tariffs and taxes to be levied.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

WC034 Swellendam - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional				
Governance and administration		**70 359**	**76 345**	**81 434**
Executive and council		28 243	31 089	33 104
Finance and administration		42 116	45 255	48 330
Internal audit		–	–	–
Community and public safety		**10 051**	**16 065**	**6 865**
Community and social services		5 131	5 451	5 663
Sport and recreation		974	1 032	1 094
Public safety		64	68	72
Housing		3 882	9 514	36
Health		–	–	–
Economic and environmental services		**43 912**	**43 760**	**45 018**
Planning and development		1 066	1 130	1 198
Road transport		42 846	42 630	43 820
Environmental protection		–	–	–
Trading services		**106 708**	**112 715**	**124 080**
Energy sources		71 665	75 157	83 824
Water management		13 847	14 819	15 860
Waste water management		13 083	14 027	15 038
Waste management		8 113	8 712	9 358
Other	4	**–**	**–**	**–**
Total Revenue - Functional	2	**231 031**	**248 885**	**257 397**
Expenditure - Functional				
Governance and administration		**63 828**	**67 052**	**71 433**
Executive and council		22 571	22 838	24 227
Finance and administration		40 104	42 976	45 876
Internal audit		1 154	1 239	1 330
Community and public safety		**18 789**	**28 740**	**20 625**
Community and social services		6 520	7 028	7 525
Sport and recreation		9 554	10 231	10 955
Public safety		228	241	254
Housing		2 489	11 240	1 890
Health		–	–	–
Economic and environmental services		**46 125**	**46 613**	**48 572**
Planning and development		3 756	4 029	4 322
Road transport		42 273	42 482	44 143
Environmental protection		96	102	108
Trading services		**98 474**	**104 040**	**109 910**
Energy sources		65 323	68 721	72 296
Water management		11 197	11 951	12 752
Waste water management		12 768	13 621	14 525
Waste management		9 185	9 747	10 337
Other	4	**4 913**	**5 213**	**5 528**
Total Expenditure - Functional	3	**232 130**	**251 658**	**256 068**
Surplus/(Deficit) for the year		**(1 099)**	**(2 773)**	**1 329**

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenue (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Executive and Council.

Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

WC034 Swellendam - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote	1			
Vote 1 - Municipal Manager		139	147	156
Vote 2 - Corporate Services		29 456	32 376	34 468
Vote 3 - Finance Service		41 830	44 952	48 008
Vote 4 - Engineers Service		112 033	116 540	127 724
Vote 5 - Community Services		47 572	54 870	47 041
Total Revenue by Vote	2	**231 031**	**248 885**	**257 397**
Expenditure by Vote ***to be appropriated***	1			
Vote 1 - Municipal Manager		6 149	6 502	6 917
Vote 2 - Corporate Services		28 830	29 605	31 496
Vote 3 - Finance Service		29 955	32 113	34 251
Vote 4 - Engineers Service		107 762	112 551	119 038
Vote 5 - Community Services		59 433	70 888	64 367
Total Expenditure by Vote	2	**232 130**	**251 658**	**256 068**
Surplus/(Deficit) for the year	2	**(1 099)**	**(2 773)**	**1 329**

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This is the level at which Council will approve the budget in terms of Sect 24(2) (c) (iii).

Table A4 - Budgeted Financial Performance (revenue and expenditure)

WC034 Swellendam - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source				
Property rates	2	34 958	37 409	40 032
Service charges - electricity revenue	2	69 609	73 098	76 761
Service charges - water revenue	2	13 800	14 769	15 807
Service charges - sanitation revenue	2	13 068	14 011	15 021
Service charges - refuse revenue	2	8 113	8 712	9 358
Service charges - other		64	68	72
Rental of facilities and equipment		1 570	1 665	1 764
Interest earned - external investments		2 461	2 609	2 765
Interest earned - outstanding debtors		2 087	2 212	2 344
Dividends received		–	–	–
Fines, penalties and forfeits		26 818	27 347	27 908
Licences and permits		896	949	1 006
Agency services		1 705	1 807	1 916
Transfers and subsidies		37 264	48 139	41 664
Other revenue	2	1 807	1 916	2 031
Gains on disposal of PPE		2 000	2 000	2 000
Total Revenue (excluding capital transfers and contributions)		**216 221**	**236 710**	**240 450**
Expenditure By Type				
Employee related costs	2	84 616	90 904	97 705
Remuneration of councillors		5 124	5 508	5 921
Debt impairment	3	20 000	20 057	20 116
Depreciation & asset impairment	2	10 830	11 430	12 053
Finance charges		6 193	6 573	6 972
Bulk purchases	2	53 280	55 944	58 741
Other materials	8	14 629	15 509	16 377
Contracted services		–	–	–
Transfers and subsidies		1 582	1 672	1 766
Other expenditure	4, 5	35 876	44 061	36 417
Loss on disposal of PPE				
Total Expenditure		**232 130**	**251 658**	**256 068**
Surplus/(Deficit)		**(15 909)**	**(14 948)**	**(15 618)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		14 810	12 175	16 947
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–
Transfers and subsidies - capital (in-kind - all)				
Surplus/(Deficit) after capital transfers & contributions		**(1 099)**	**(2 773)**	**1 329**
Taxation				
Surplus/(Deficit) after taxation		**(1 099)**	**(2 773)**	**1 329**
Attributable to minorities				
Surplus/(Deficit) attributable to municipality		**(1 099)**	**(2 773)**	**1 329**
Share of surplus/ (deficit) of associate	7			
Surplus/(Deficit) for the year		**(1 099)**	**(2 773)**	**1 329**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue amounted to R 216.221 million for 2017/18.

2. Revenue to be generated from property rates is R 34.958 million in the 2017/18 financial year which represents 16.2% of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality.

3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the largest component of the revenue basket of the Municipality totaling R 104.654 million for the 2017/18 financial year and reflecting 48.4 % of the total revenue base.

4. Transfers of operating grants recognized, includes the local government equitable share and other operating grants received from national and provincial government. This revenue only realizing after preset conditions were met. It needs to be noted that the transfers recognize fluctuates due to the nature of expenses in the provincial housing grant.

5. More detail regarding the employee related cost and the remuneration of Councilors are provided in Section 12 of this report.

6. More emphasis will be placed on the Debt impairment; depreciation charges and the Finance charges in Section 10 – Budget Funding.

7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational efficiencies will have to be identified and instituted to reduce the impact of wage and bulk tariff increases in future years.

Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

WC034 Swellendam - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote				
Multi-year expenditure ***to be appropriated***	2			
Vote 1 - Municipal Manager		–	–	–
Vote 2 - Corporate Services		–	–	–
Vote 3 - Finance Service		–	–	–
Vote 4 - Engineers Service		–	–	–
Vote 5 - Community Services		–	–	–
Capital multi-year expenditure sub-total	7	**–**	**–**	**–**
Single-year expenditure ***to be appropriated***	2			
Vote 1 - Municipal Manager		15	–	–
Vote 2 - Corporate Services		151	800	200
Vote 3 - Finance Service		810	1 930	1 730
Vote 4 - Engineers Service		12 992	401	410
Vote 5 - Community Services		4 793	230	263
Capital single-year expenditure sub-total		**18 761**	**3 361**	**2 603**
Total Capital Expenditure - Vote		**18 761**	**3 361**	**2 603**
Capital Expenditure - Functional				
Governance and administration		**966**	**2 870**	**2 070**
Executive and council		35	15	15
Finance and administration		931	2 855	2 055
Internal audit		–	–	–
Community and public safety		**3 933**	**–**	**28**
Community and social services		41	–	28
Sport and recreation		892	–	–
Public safety		–	–	–
Housing		3 000	–	–
Health		–	–	–
Economic and environmental services		**4 621**	**230**	**235**
Planning and development		10	–	–
Road transport		4 611	230	235
Environmental protection		–	–	–
Trading services		**9 241**	**261**	**270**
Energy sources		9 241	261	270
Other		–	**–**	**–**
Total Capital Expenditure - Functional	3	**18 761**	**3 361**	**2 603**
Funded by:				
National Government		14 810		
Provincial Government				
District Municipality				
Other transfers and grants				
Transfers recognised - capital	4	**14 810**	**–**	**–**
Public contributions & donations	5			
Borrowing	6			
Internally generated funds		3 951	3 361	2 603
Total Capital Funding	7	**18 761**	**3 361**	**2 603**

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

3. Unlike multi-year capital appropriations which normally would result in work-in-progress at the end of a financial year, single-year appropriations relates to expenditure will incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the inputs of departments and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital program is funded from own funding and government grants and transfers. As mentioned previously the funding source of new borrowings is a remaining problem and is the municipality dependent on the bank sector and there risk assessment process to raise future loans.

5. For 2017/2018, capital transfers from National and Provincial Government amounting to R14.810 million.

6. Table A6 -Budgeted Financial Position

WC034 Swellendam - Table A6 Budgeted Financial Position

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS				
Current assets				
Cash		21 411	21 765	36 207
Call investment deposits	1	–	–	–
Consumer debtors	1	30 000	36 000	38 000
Other debtors		2 000	2 300	2 500
Current portion of long-term receivables				
Inventory	2	12 000	12 000	12 000
Total current assets		**65 411**	**72 065**	**88 707**
Non current assets				
Long-term receivables				
Investments				
Investment property		19 668	19 668	19 668
Investment in Associate				
Property, plant and equipment	3	278 208	286 948	294 395
Agricultural				
Biological				
Intangible		430	430	430
Other non-current assets		4 800	4 600	4 400
Total non current assets		**303 106**	**311 646**	**318 893**
TOTAL ASSETS		**368 517**	**383 711**	**407 600**
LIABILITIES				
Current liabilities				
Bank overdraft	1		–	–
Borrowing	4	2 800	3 040	3 200
Consumer deposits		1 540	1 542	1 545
Trade and other payables	4	24 000	24 500	25 000
Provisions		6 000	6 100	6 300
Total current liabilities		**34 340**	**35 182**	**36 045**
Non current liabilities				
Borrowing		36 200	33 200	30 000
Provisions		59 000	67 000	75 000
Total non current liabilities		**95 200**	**100 200**	**105 000**
TOTAL LIABILITIES		**129 540**	**135 382**	**141 045**
NET ASSETS	5	**238 977**	**248 329**	**266 555**
COMMUNITY WEALTH/EQUITY				
Accumulated Surplus/(Deficit)		230 277	239 679	257 955
Reserves	4	8 700	8 650	8 600
TOTAL COMMUNITY WEALTH/EQUITY	5	**238 977**	**248 329**	**266 555**

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of general recognized accounting practices (GRAP), and assists councilors and management to understand the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international standard which presents Assets less Liabilities as the accounted Community Wealth. The order of items within each group, illustrates its liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be transformed in cash.

3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;
   - Changes in net assets; and
   - Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 - Budgeted Cash Flow Statement

WC034 Swellendam - Table A7 Budgeted Cash Flows

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Property rates		34 259	36 661	39 231
Service charges		102 561	108 444	114 680
Other revenue		11 342	11 806	12 299
Government - operating	1	37 264	47 808	45 643
Government - capital	1	14 810	12 175	16 947
Interest		4 506	4 776	4 642
Dividends		–	–	–
Payments				
Suppliers and employees		(188 678)	(198 688)	(195 868)
Finance charges		(20 000)	(20 057)	(20 116)
Transfers and Grants	1	(1 582)	(1 672)	(1 766)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**(5 518)**	**1 254**	**15 692**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE		16 810	14 506	14 968
Decrease (Increase) in non-current debtors		–	–	–
Decrease (increase) other non-current receivables		–	–	–
Decrease (increase) in non-current investments		–	–	–
Payments				
Capital assets		(18 761)	(12 506)	(12 968)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(1 951)**	**2 000**	**2 000**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans		–	–	–
Borrowing long term/refinancing		–	–	–
Increase (decrease) in consumer deposits		–	–	–
Payments				
Repayment of borrowing		(2 700)	(2 900)	(3 250)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**(2 700)**	**(2 900)**	**(3 250)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(10 169)**	**354**	**14 442**
Cash/cash equivalents at the year begin:	2	**31 580**	**21 411**	**21 765**
Cash/cash equivalents at the year end:	2	**21 411**	**21 765**	**36 207**

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The net effect of budget (both capital & operational) is represented in the net increase or decrease in cash and cash equivalents.

2. Table A7 is supported by an extensive table (Table SA30) that provides a breakdown per month as well as providing a detailed analysis of the major sources of receipts and expenditure.

Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

WC034 Swellendam - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available				
Cash/cash equivalents at the year end	1	21 411	21 765	36 207
Other current investments > 90 days		–	–	–
Non current assets - Investments	1	–	–	–
Cash and investments available:		**21 411**	**21 765**	**36 207**
Application of cash and investments				
Unspent conditional transfers		–	–	–
Unspent borrowing		–	–	–
Statutory requirements	2			
Other working capital requirements	3	(3 171)	(8 168)	(9 695)
Other provisions				
Long term investments committed	4	–	–	–
Reserves to be backed by cash/investments	5			
Total Application of cash and investments:		**(3 171)**	**(8 168)**	**(9 695)**
Surplus(shortfall)		**24 582**	**29 933**	**45 902**

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.

2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Table A9 - Asset Management

WC034 Swellendam - Table A9 Asset Management

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE				
Total New Assets	1	**18 761**	**3 361**	**2 603**
Roads Infrastructure		4 150	–	–
Storm water Infrastructure		–	–	–
Electrical Infrastructure		2 154	250	250
Water Supply Infrastructure		4 016	–	–
Sanitation Infrastructure		2 643	–	–
Solid Waste Infrastructure		50	–	–
Rail Infrastructure		–	–	–
Coastal Infrastructure		–	–	–
Information and Communication Infrastructure		–	–	–
Infrastructure		***13 013***	***250***	***250***
Community Facilities		10	800	200
Sport and Recreation Facilities		892	–	–
Community Assets		***902***	***800***	***200***
Heritage Assets		**–**	**–**	**–**
Revenue Generating		–	–	–
Non-revenue Generating		–	–	–
Investment properties		**–**	**–**	**–**
Operational Buildings		650	–	–
Housing		3 000	–	–
Other Assets		***3 650***	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**
Servitudes		–	–	–
Licences and Rights		–	–	–
Intangible Assets		**–**	**–**	**–**
Computer Equipment		**700**	**1 600**	**1 600**
Furniture and Office Equipment		**186**	**270**	**270**
Machinery and Equipment		**80**	**11**	**48**
Transport Assets		**230**	**430**	**235**
Libraries		**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**
Total Capital Expenditure	4			
Roads Infrastructure		4 150	–	–
Storm water Infrastructure		–	–	–
Electrical Infrastructure		2 154	250	250
Water Supply Infrastructure		4 016	–	–
Sanitation Infrastructure		2 643	–	–
Solid Waste Infrastructure		50	–	–
Rail Infrastructure		–	–	–
Coastal Infrastructure		–	–	–
Information and Communication Infrastructure		–	–	–
Infrastructure		***13 013***	***250***	***250***

Community Facilities		10	800	200
Sport and Recreation Facilities		892	–	–
Community Assets		***902***	***800***	***200***
Heritage Assets		**–**	**–**	**–**
Revenue Generating		–	–	–
Non-revenue Generating		–	–	–
Investment properties		**–**	**–**	**–**
Operational Buildings		650	–	–
Housing		3 000	–	–
Other Assets		***3 650***	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**
Servitudes		–	–	–
Licences and Rights		–	–	–
Intangible Assets		**–**	**–**	**–**
Computer Equipment		**700**	**1 600**	**1 600**
Furniture and Office Equipment		**186**	**270**	**270**
Machinery and Equipment		**80**	**11**	**48**
Transport Assets		**230**	**430**	**235**
Libraries		**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**
TOTAL CAPITAL EXPENDITURE - Asset class		**18 761**	**3 361**	**2 603**
ASSET REGISTER SUMMARY - PPE (WDV)	5			
Roads Infrastructure		80 579	80 579	80 579
Storm water Infrastructure		–		–
Electrical Infrastructure		38 308	38 558	38 808
Water Supply Infrastructure		47 807	47 807	47 807
Sanitation Infrastructure		94 759	94 759	94 759
Solid Waste Infrastructure		11 910	11 910	11 910
Rail Infrastructure				
Coastal Infrastructure				
Information and Communication Infrastructure				
Infrastructure		***273 362***	***273 612***	***273 862***
Community Facilities				
Sport and Recreation Facilities				
Community Assets		**–**	**–**	**–**
Heritage Assets				
Revenue Generating		19 668	19 668	19 668
Non-revenue Generating				
Investment properties		***19 668***	***19 668***	***19 668***
Operational Buildings		650	–	–
Housing		3 000	–	–
Other Assets		***3 650***	**–**	**–**
Biological or Cultivated Assets				
Servitudes				
Licences and Rights		430	430	430
Intangible Assets		***430***	***430***	***430***
Computer Equipment		**700**	**1 600**	**1 600**
Furniture and Office Equipment		**186**	**270**	**270**
Machinery and Equipment		**80**	**11**	**48**
Transport Assets		**230**	**430**	**235**
Libraries				
Zoo's, Marine and Non-biological Animals				
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**298 306**	**296 021**	**296 113**

EXPENDITURE OTHER ITEMS				
Depreciation	7	10 830	11 430	12 053
Repairs and Maintenance by Asset Class	3	**16 656**	**17 585**	**18 570**
Roads Infrastructure		2 211	2 271	2 398
Storm water Infrastructure		663	701	740
Electrical Infrastructure		1 291	1 365	1 442
Water Supply Infrastructure		2 310	2 442	2 578
Sanitation Infrastructure		1 160	1 227	1 295
Solid Waste Infrastructure		1 056	1 116	1 179
Rail Infrastructure		–	–	–
Coastal Infrastructure		–	–	–
Information and Communication Infrastructure		–	–	–
Infrastructure		***8 693***	***9 122***	***9 633***
Community Facilities		964	1 064	1 124
Sport and Recreation Facilities		329	348	368
Community Assets		***1 293***	***1 413***	***1 492***
Heritage Assets		**–**	**–**	**–**
Revenue Generating		196	207	219
Non-revenue Generating		–	–	–
Investment properties		***196***	***207***	***219***
Operational Buildings		526	556	588
Housing		–	–	–
Other Assets		***526***	***556***	***588***
Biological or Cultivated Assets		**–**	**–**	**–**
Servitudes		–	–	–
Licences and Rights		–	–	–
Intangible Assets		**–**	**–**	**–**
Computer Equipment		**2 500**	**2 642**	**2 790**
Furniture and Office Equipment		**89**	**94**	**99**
Machinery and Equipment		**541**	**572**	**604**
Transport Assets		**2 536**	**2 680**	**2 830**
Libraries		**283**	**299**	**315**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**
TOTAL EXPENDITURE OTHER ITEMS		**27 486**	**29 015**	**30 623**

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 10% of PPE. The Municipality do not meet both the recommendations.

3. The graph below provides an analysis between depreciation and operational repairs and maintenance over the MTREF and highlights the fact that the Municipality's capital budget is excessive and will not address the maintenance backlog.

Table A10 - Basic Service Delivery Measurement

WC034 Swellendam - Table A10 Basic service delivery measurement

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1			
Water:				
Piped water inside dwelling		6 218	6 303	6 303
Piped water inside yard (but not in dwelling)		–	–	–
Using public tap (at least min.service level)	2	–	–	–
Other water supply (at least min.service level)	4	–	–	–
Minimum Service Level and Above sub-total		6 218	6 303	6 303
Using public tap (< min.service level)	3	–	–	–
Other water supply (< min.service level)	4	–	–	–
No water supply		–	–	–
Below Minimum Service Level sub-total		–	–	–
Total number of households	5	**6 218**	**6 303**	**6 303**
Sanitation/sewerage:				
Flush toilet (connected to sewerage)		6 122	6 207	6 207
Flush toilet (with septic tank)		–	–	–
Chemical toilet		–	–	–
Pit toilet (ventilated)		–	–	–
Other toilet provisions (> min.service level)		–	–	–
Minimum Service Level and Above sub-total		6 122	6 207	6 207
Bucket toilet		–	–	–
Other toilet provisions (< min.service level)		–	–	–
No toilet provisions		–	–	–
Below Minimum Service Level sub-total		–	–	–
Total number of households	5	**6 122**	**6 207**	**6 207**
Energy:				
Electricity (at least min.service level)		894	894	894
Electricity - prepaid (min.service level)		5 269	5 354	5 354
Minimum Service Level and Above sub-total		6 163	6 248	6 248
Electricity (< min.service level)		–	–	–
Electricity - prepaid (< min. service level)		–	–	–
Other energy sources		–	–	–
Below Minimum Service Level sub-total		–	–	–
Total number of households	5	**6 163**	**6 248**	**6 248**
Refuse:				
Removed at least once a week		6 158	6 243	6 243
Minimum Service Level and Above sub-total		6 158	6 243	6 243
Removed less frequently than once a week		–	–	–
Using communal refuse dump		–	–	–
Using own refuse dump		–	–	–
Other rubbish disposal		–	–	–
No rubbish disposal		–	–	–
Below Minimum Service Level sub-total		–	–	–
Total number of households	5	**6 158**	**6 243**	**6 243**

Households receiving Free Basic Service	7			
Water (6 kilolitres per household per month)		–	–	–
Sanitation (free minimum level service)		–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–
Refuse (removed at least once a week)		–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8			
Water (6 kilolitres per **indigent** household per month)		1 262	1 334	1 409
Sanitation (free sanitation service to **indigent households**)		4 366	4 628	4 906
Electricity/other energy (50kwh per **indigent** household per month)		395	418	444
Refuse (removed once a week **for indigent households**)		2 413	2 550	2 693
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–
Total cost of FBS provided		**8 436**	**8 931**	**9 451**
Highest level of free service provided per household				
Property rates (R value threshold)				
Water (kilolitres per household per month)				
Sanitation (kilolitres per household per month)				
Sanitation (Rand per household per month)				
Electricity (kwh per household per month)				
Refuse (average litres per week)				
Revenue cost of subsidised services provided (R'000)	9			
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)				
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		3 896	4 165	4 452
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–
Municipal Housing - rental rebates				
Housing - top structure subsidies	6			
Other				
Total revenue cost of subsidised services provided		**3 896**	**4 165**	**4 452**

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

Section 5 - Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the finance portfolio committee members.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

5.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled the required timetable on end of August 2016

5.1 Financial Modeling and Key Planning Drivers

The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality's growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- Debtor payment levels
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58 has been taken into consideration in the planning and prioritisation process.

Section 6 - Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the strategic objectives.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

WC034 Swellendam - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Enhance access to basic services and address maitenanance backlogs	Basic service delivery		120 159	125 266	137 096
To create a capacitated people-centered institution	To create a capacitated people-centered institution		4 725	4 921	5 208
To create a safe and healthy living environment	Basic service delivery		29 452	30 140	30 868
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Institutional development and transformation		1 353	1 434	1 520
To enhance economic development with focus on both first and second economies	Economic Development		970	1 029	1 090
To improve financial viability and mangement	Financial management		41 830	44 952	48 008
To promote good governance and community participation	Good governance and public participation		32 541	41 144	33 608
Allocations to other priorities		2			
Total Revenue (excluding capital transfers and contributions)		1	**231 031**	**248 885**	**257 397**

Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

WC034 Swellendam - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Enhance access to basic services and address maitenanance backlogs	Basic service delivery	109 896	114 790	121 382
To create a capacitated people-centered institution	To create a capacitated people-centered institution	12 369	13 240	14 171
To create a safe and healthy living environment	Basic service delivery	43 572	45 325	47 194
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Institutional development and transformation	3 884	4 159	4 453
To enhance economic development with focus on both first and second economies	Economic Development	2 565	2 729	2 902
To improve financial viability and mangement	Financial management	29 955	32 113	34 251
To promote good governance and community participation	Good governance and public participation	29 889	39 301	31 716
Allocations to other priorities				
Total Expenditure		**232 130**	**251 658**	**256 068**

Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

WC034 Swellendam - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Enhance access to basic services and address maitenanance backlogs	Basic service delivery	A	13 052	321	363
To create a capacitated people-centered institution	To create a capacitated people-centered institution	B	11	–	–
To create a safe and healthy living environment	Basic service delivery	C	1 732	170	170
To develop integrated and sustainable settlements with the view to correct spatial imbalances	Institutional development and transformation	D	10	–	–
To enhance economic development with focus on both first and second economies	Economic Development	E	–	800	200
To improve financial viability and mangement	Financial management	F	300	1 300	1 100
To promote good governance and community participation	Good governance and public participation	G	3 656	770	770
Allocations to other priorities					
Total Capital Expenditure			**18 761**	**3 361**	**2 603**

Section 7 - Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

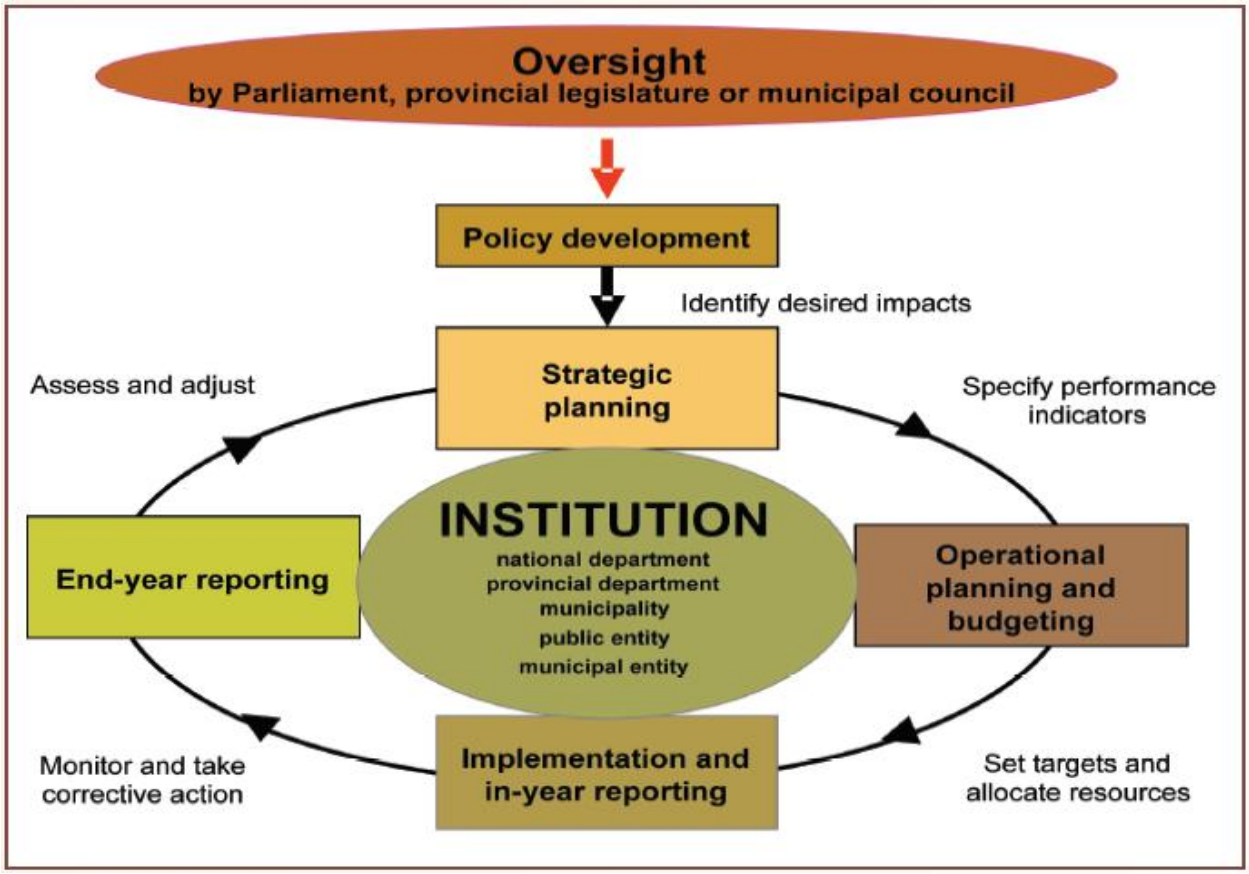

Figure 3 -Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

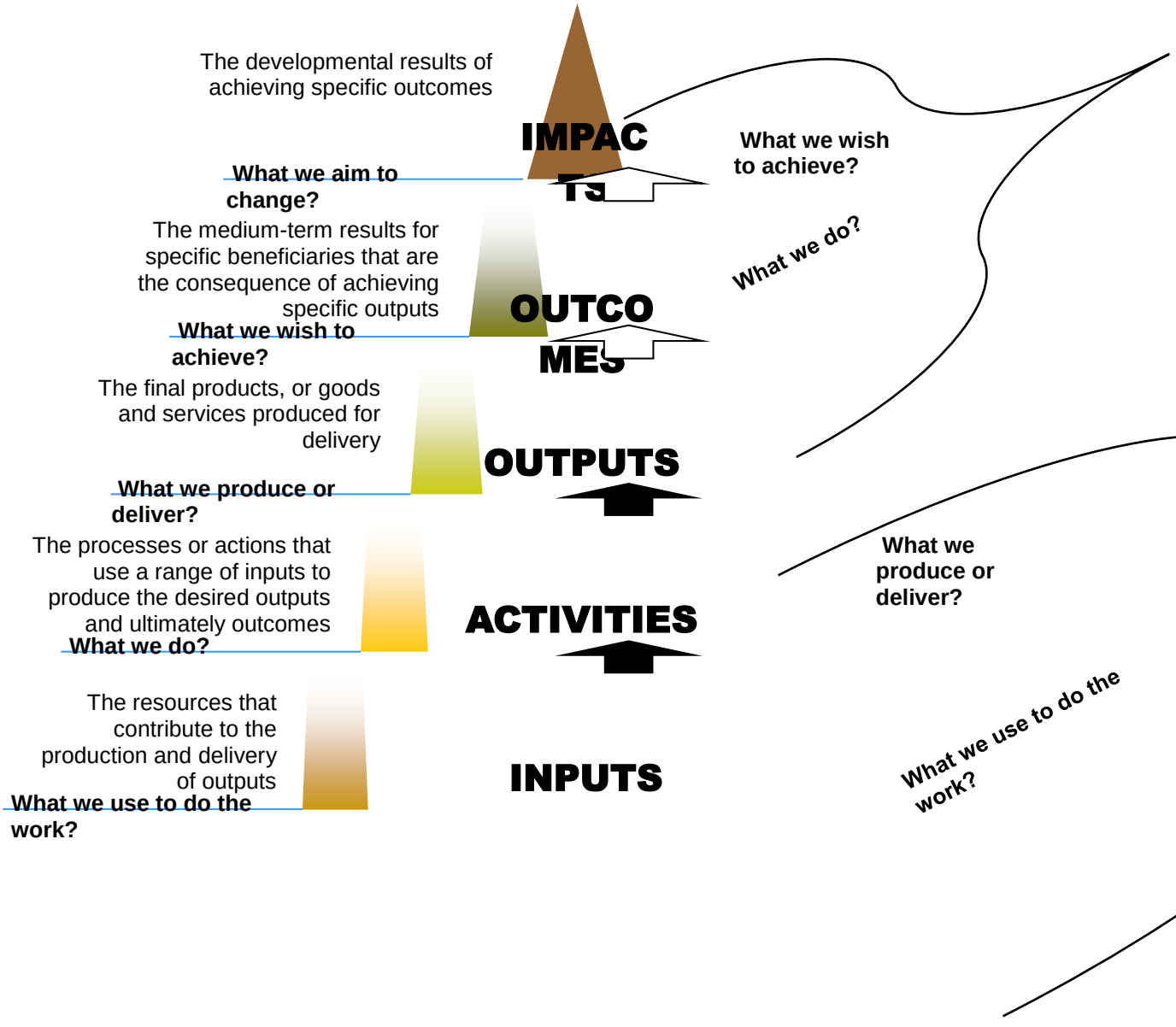
The developmental results of achieving specific outcomes
IMPAC
TS
What we wish to achieve?
What we aim to change?
The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs
What we do?
OUTCO
MES
What we wish to achieve?
The final products, or goods and services produced for delivery
OUTPUTS
What we produce or deliver?
The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes
What we do?
ACTIVITIES
What we produce or deliver?
The resources that contribute to the production and delivery of outputs
What we use to do the work?
INPUTS
What we use to do the work?

Figure 4-Definition of performance information concepts

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

Table SA8 - Performance indicators and benchmarks

WC034 Swellendam - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Borrowing Management				
Credit Rating				
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	3.8%	3.8%	4.0%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5.0%	5.0%	5.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%
Safety of Capital				
Gearing	Long Term Borrowing/ Funds & Reserves	416.1%	383.8%	348.8%
Liquidity				
Current Ratio	Current assets/current liabilities	1.9	2.0	2.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.9	2.0	2.5
Liquidity Ratio	Monetary Assets/Current Liabilities	0.6	0.6	1.0
Revenue Management				
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	98.0%	98.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98.0%	98.0%	98.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	14.8%	16.2%	16.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old			
Creditors Management				
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))			
Creditors to Cash and Investments		112.1%	112.6%	69.0%
Other Indicators				
Electricity Distribution Losses (2)	Total Volume Losses (kW) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated			
Water Distribution Losses (2)	Total Volume Losses (kℓ) Total Cost of Losses (Rand '000) % Volume (units purchased and generated less units sold)/units purchased and generated			
Employee costs	Employee costs/(Total Revenue - capital revenue)	39.1%	38.4%	40.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	41.5%	40.7%	43.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	7.7%	7.4%	7.7%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.9%	7.6%	7.9%
IDP regulation financial viability indicators				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.3	23.9	25.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.7%	25.6%	25.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	1.4	1.3	2.1

7.1 Performance indicators and benchmarks

7.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. The borrowing strategy must be primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has been stable, while borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator indicates that the capital programme from new borrowings is realistic.

- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets but more so unrealistic capital programmes from new borrowings.

7.1.2 Safety of Capital

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The gearing ratio is a measure of the total long term borrowings over funds and reserves. The ratio will peaked at 18.51%. As part of the planning guidelines it implicates that the Municipality must ensure proper cash-backing of reserves and funds as a prudent financial sustainability objective and limited new borrowings.

7.1.3 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities. The ratio increased from 2014/2015 forecast of 1.49 to 1.91 in 2017/2018.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. The ratio of 0.82 in the 2014/2015 forecast, increased in 2017/18 to 1.55. The ratio is higher than the norm and the municipality will overcome their short term debt.

7.1.4 Revenue Management

In order to reach the targets and maintains the level of outstanding debtors to revenue, an aggressive revenue management framework must implemented, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of this strategy should be to ensure accurate billing, customer service, credit control and debt collection.

7.1.5 Creditors Management

For the Municipality to ensure that creditors are settled within the legislated 30 days from date invoice/statement poses to be a challenge. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 % compliance rate to this legislative obligation.

7.1.6 Other Indicators

Both water and *electricity distribution losses* are material. Initiatives to ensure that targets are achieved include managing illegal connections and theft of electricity, including prepaid meters.

Employee costs as a percentage of operating revenue amounts to 36.45% for the remainder of MTREF.

Section 8 - Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following policies are reviewed.

7.1 Review of credit control, debt collection and indigent procedures/policies

7.2 Asset Management, Infrastructure Investment, Funding and Reserve Policy

7.3 Supply Chain Management Policy

7.4 Budget Policy

7.5 Banking Cash Management and Investment Policy

7.6 Tariff and Rates Policies

7.7 Bad Debt Write-Off Policy

7.8 Preferential Procurement Policy

7.9 Petty Cash Policy

7.10 Irregular Expenditure Policy

7.11 Funding and Reserve Policy

7.12 Borrowing Policy

7.13 Indigent Policy

7.14 Rates Policy

7.15 SCM Policy for Infrastructure Procurement

Section 9 - Overview of budget assumptions

9.1 External factors

Swellendam' income base comprise of mostly residential consumers and rate payers of which a material percentage are retired people with a fixed monthly income.

Eskom price increases are an external factor that Council has no control over.

9.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.
  Employee related costs comprise 36.45% of total operating expenditure in the forecast for the 2017/18 financial year and therefore these increase (which include salary increases and evaluation of posts) places a disproportionate upward pressure on the expenditure budget.

9.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing under certain conditions. The 2017/18 MTREF is based on the assumption that no borrowings will be utilise.

9.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as 100.1% of annual amounts billed.

9.5 Salary increases

Refer to paragraph 9.2

Section 10 - Overview of budget funding

10.1 Medium-term outlook: operating revenue

Tariff setting plays a major role in ensuring desired levels of revenue. Correct and accurate tariffs are imperative in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the delivery of goods and services such as water, electricity, sanitation and solid waste removal. Apart from the services, other revenue i.e., operating grants, building plan fees, licenses and permits, fines etc. are applicable. The rates and taxes will then be the shortfall in revenue, after all the revenue resources have been determined, and will reflect the balancing number.

The proposed tariff increases for the 2017/18 MTREF on the different revenue categories are:

- Property rates - 9.5 %
- Electricity - Between 0.6% and 2% (to be determine by NERSA)
- Water - 6.5%
- Refuse Removal - 8%
- Sewerage - 8 %

The tables below provide detail investment information and investment particulars by maturity.

Table SA15 – Detail Investment Information

WC034 Swellendam - Supporting Table SA15 Investment particulars by type

Investment type R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Parent municipality				
Securities - National Government				
Listed Corporate Bonds				
Deposits - Bank		21 411	21 765	36 207
Deposits - Public Investment Commissioners				
Deposits - Corporation for Public Deposits				
Bankers Acceptance Certificates				
Negotiable Certificates of Deposit - Banks				
Guaranteed Endowment Policies (sinking)				
Repurchase Agreements - Banks				
Municipal Bonds				
Municipality sub-total	1	**21 411**	**21 765**	**36 207**
Consolidated total:		**21 411**	**21 765**	**36 207**

Table SA16 – Investment particulars by maturity

Not Applicable

Section 11 - Councilor and employee benefits

Table SA22 - Summary of councilor and staff benefits

WC034 Swellendam - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	1	G	H	I
Councillors (Political Office Bearers plus Other)				
Basic Salaries and Wages		5 124	5 508	5 921
Pension and UIF Contributions		–	–	–
Medical Aid Contributions		–	–	–
Motor Vehicle Allowance		–	–	–
Cellphone Allowance		–	–	–
Housing Allowances		–	–	–
Other benefits and allowances		–	–	–
Sub Total - Councillors		**5 124**	**5 508**	**5 921**
% increase	4	**–**	**7.5%**	**7.5%**
Senior Managers of the Municipality	2			
Basic Salaries and Wages		6 002	6 452	6 936
Pension and UIF Contributions				
Medical Aid Contributions				
Overtime				
Performance Bonus				
Motor Vehicle Allowance	3			
Cellphone Allowance	3			
Housing Allowances	3			
Other benefits and allowances	3			
Payments in lieu of leave				
Long service awards				
Post-retirement benefit obligations	6			
Sub Total - Senior Managers of Municipality		**6 002**	**6 452**	**6 936**
% increase	4	**–**	**7.5%**	**7.5%**
Other Municipal Staff				
Basic Salaries and Wages		50 010	53 759	57 788
Pension and UIF Contributions		8 847	9 511	10 224
Medical Aid Contributions		6 555	7 034	7 547
Overtime		3 207	3 447	3 706
Performance Bonus		653	702	754
Motor Vehicle Allowance	3	4 300	4 623	4 970
Cellphone Allowance	3	–	–	–
Housing Allowances	3	590	635	682
Other benefits and allowances	3	3 517	3 737	4 017
Payments in lieu of leave		935	1 006	1 081
Long service awards		–	–	–
Post-retirement benefit obligations	6	–	–	–
Sub Total - Other Municipal Staff		**78 615**	**84 452**	**90 769**
% increase	4	**–**	**7.4%**	**7.5%**
Total Parent Municipality		**89 740**	**96 412**	**103 626**
		–	**7.4%**	**7.5%**
TOTAL SALARY, ALLOWANCES & BENEFITS		**89 740**	**96 412**	**103 626**
% increase	4	**–**	**7.4%**	**7.5%**
TOTAL MANAGERS AND STAFF	5,7	**84 616**	**90 904**	**97 705**

Section 12 - Monthly targets for revenue, expenditure and cash flow

Table SA25 - Budgeted monthly revenue and expenditure

WC034 Swellendam - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source																
Property rates		4 219	2 513	2 620	2 406	2 521	2 527	2 527	2 526	3 275	3 275	3 275	3 275	34 958	37 409	40 032
Service charges - electricity revenue		5 291	5 458	5 556	5 426	5 614	5 306	6 158	5 189	6 403	6 403	6 403	6 403	69 609	73 098	76 761
Service charges - water revenue		847	698	1 040	1 041	1 200	1 155	1 436	1 485	1 224	1 224	1 224	1 224	13 800	14 769	15 807
Service charges - sanitation revenue		1 222	797	1 004	1 029	1 041	1 050	1 059	1 049	1 204	1 204	1 204	1 204	13 068	14 011	15 021
Service charges - refuse revenue		746	509	630	622	624	627	634	625	774	774	774	774	8 113	8 712	9 358
Service charges - other		12	0	20	3	13	2	3	12	0	0	0	0	64	68	72
Rental of facilities and equipment		142	106	132	115	172	104	121	84	149	149	149	149	1 570	1 665	1 764
Interest earned - external investments		177	242	199	164	159	186	263	94	244	244	244	244	2 461	2 609	2 765
Interest earned - outstanding debtors		127	156	153	152	110	152	168	164	226	226	226	226	2 087	2 212	2 344
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		669	716	774	633	751	546	653	624	5 363	5 363	5 363	5 363	26 818	27 347	27 908
Licences and permits		–	–	–	–	–	–	–	–	224	224	224	224	896	949	1 006
Agency services		162	231	215	183	257	127	237	283	2	2	2	2	1 705	1 807	1 916
Transfers and subsidies		10 385	515	2 185	658	1 081	8 859	1 743	283	2 889	2 889	2 889	2 889	37 264	48 139	41 664
Other revenue		117	162	121	110	159	75	138	115	203	203	203	203	1 807	1 916	2 031
Gains on disposal of PPE		–	–	–	–	–	–	–	–	500	500	500	500	2 000	2 000	2 000
Total Revenue (excluding capital transfers and cont		**24 115**	**12 102**	**14 649**	**12 542**	**13 701**	**20 718**	**15 142**	**12 533**	**22 680**	**22 680**	**22 680**	**22 680**	**216 221**	**236 710**	**240 450**
Expenditure By Type																
Employee related costs		5 422	5 658	5 536	5 311	5 536	8 576	5 793	5 573	9 303	9 303	9 303	9 303	84 616	90 904	97 705
Remuneration of councillors		286	312	372	372	372	372	372	372	574	574	574	574	5 124	5 508	5 921
Debt impairment		–	–	–	–	–	–	–	–	5 000	5 000	5 000	5 000	20 000	20 057	20 116
Depreciation & asset impairment		–	–	2 238	–	–	2 238	–	–	1 588	1 588	1 588	1 588	10 830	11 430	12 053
Finance charges		–	282	1 312	–	–	411	275	–	978	978	978	978	6 193	6 573	6 972
Bulk purchases		588	6 023	5 947	3 587	3 697	3 658	3 506	3 535	5 685	5 685	5 685	5 685	53 280	55 944	58 741
Other materials		6	212	142	183	90	106	308	76	3 377	3 377	3 377	3 377	14 629	15 509	16 377
Contracted services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		–	–	195	97	173	–	97	80	235	235	235	235	1 582	1 672	1 766
Other expenditure		1 161	3 784	4 899	3 198	3 476	4 486	2 720	3 285	2 217	2 217	2 217	2 217	35 876	44 061	36 417
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**7 462**	**16 271**	**20 641**	**12 748**	**13 344**	**19 845**	**13 071**	**12 920**	**28 957**	**28 957**	**28 957**	**28 957**	**232 130**	**251 658**	**256 068**
Surplus/(Deficit)		**16 653**	**(4 169)**	**(5 991)**	**(206)**	**357**	**872**	**2 071**	**(387)**	**(6 277)**	**(6 277)**	**(6 277)**	**(6 277)**	**(15 909)**	**(14 948)**	**(15 618)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	1 011	2 566	1 023	42	(131)	2 575	2 575	2 575	2 575	14 810	12 175	16 947
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**16 653**	**(4 169)**	**(5 991)**	**805**	**2 922**	**1 895**	**2 113**	**(518)**	**(3 702)**	**(3 702)**	**(3 702)**	**(3 702)**	**(1 099)**	**(2 773)**	**1 329**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**16 653**	**(4 169)**	**(5 991)**	**805**	**2 922**	**1 895**	**2 113**	**(518)**	**(3 702)**	**(3 702)**	**(3 702)**	**(3 702)**	**(1 099)**	**(2 773)**	**1 329**

Table SA26 - Budgeted monthly revenue and expenditure (municipal vote)

WC034 Swellendam - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote																
Vote 1 - Municipal Manager		12	12	12	12	12	12	12	12	12	12	12	12	139	147	156
Vote 2 - Corporate Services		2 455	2 455	2 455	2 455	2 455	2 455	2 455	2 455	2 455	2 455	2 455	2 455	29 456	32 376	34 468
Vote 3 - Finance Service		3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	3 486	41 830	44 952	48 008
Vote 4 - Engineers Service		9 336	9 336	9 336	9 336	9 336	9 336	9 336	9 336	9 336	9 336	9 336	9 336	112 033	116 540	127 724
Vote 5 - Community Services		3 964	3 964	3 964	3 964	3 964	3 964	3 964	3 964	3 964	3 964	3 964	3 964	47 572	54 870	47 041
Total Revenue by Vote		**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**231 031**	**248 885**	**257 397**
Expenditure by Vote to be appropriated																
Vote 1 - Municipal Manager		512	512	512	512	512	512	512	512	512	512	512	512	6 149	6 502	6 917
Vote 2 - Corporate Services		2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	2 403	28 830	29 605	31 496
Vote 3 - Finance Service		2 496	2 496	2 496	2 496	2 496	2 496	2 496	2 496	2 496	2 496	2 496	2 496	29 955	32 113	34 251
Vote 4 - Engineers Service		8 980	8 980	8 980	8 980	8 980	8 980	8 980	8 980	8 980	8 980	8 980	8 980	107 762	112 551	119 038
Vote 5 - Community Services		4 953	4 953	4 953	4 953	4 953	4 953	4 953	4 953	4 953	4 953	4 953	4 953	59 433	70 888	64 367
Total Expenditure by Vote		**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**19 344**	**232 130**	**251 658**	**256 068**
Surplus/(Deficit) before assoc.		**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(1 099)**	**(2 773)**	**1 329**
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(92)**	**(1 099)**	**(2 773)**	**1 329**

Table SA27 -Budgeted monthly revenue and expenditure (standard classification)

WC034 Swellendam - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional																
Governance and administration		**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**5 863**	**70 359**	**76 345**	**81 434**
Executive and council		2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	2 354	28 243	31 089	33 104
Finance and administration		3 510	3 510	3 510	3 510	3 510	3 510	3 510	3 510	3 510	3 510	3 510	3 510	42 116	45 255	48 330
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		**838**	**838**	**838**	**838**	**838**	**838**	**838**	**838**	**838**	**838**	**838**	**838**	**10 051**	**16 065**	**6 865**
Community and social services		428	428	428	428	428	428	428	428	428	428	428	428	5 131	5 451	5 663
Sport and recreation		81	81	81	81	81	81	81	81	81	81	81	81	974	1 032	1 094
Public safety		5	5	5	5	5	5	5	5	5	5	5	5	64	68	72
Housing		324	324	324	324	324	324	324	324	324	324	324	324	3 882	9 514	36
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**3 659**	**43 912**	**43 760**	**45 018**
Planning and development		89	89	89	89	89	89	89	89	89	89	89	89	1 066	1 130	1 198
Road transport		3 570	3 570	3 570	3 570	3 570	3 570	3 570	3 570	3 570	3 570	3 570	3 570	42 846	42 630	43 820
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**8 892**	**106 708**	**112 715**	**124 080**
Energy sources		5 972	5 972	5 972	5 972	5 972	5 972	5 972	5 972	5 972	5 972	5 972	5 972	71 665	75 157	83 824
Water management		1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	13 847	14 819	15 860
Waste water management		1 090	1 090	1 090	1 090	1 090	1 090	1 090	1 090	1 090	1 090	1 090	1 090	13 083	14 027	15 038
Waste management		676	676	676	676	676	676	676	676	676	676	676	676	8 113	8 712	9 358
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**19 253**	**231 031**	**248 885**	**257 397**
			28 095	28 095	28 095	28 095	28 095	28 095	28 095	28 095	28 095	28 095				
Expenditure - Functional																
Governance and administration		**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**5 319**	**63 828**	**67 052**	**71 433**
Executive and council		1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	22 571	22 838	24 227
Finance and administration		3 342	3 342	3 342	3 342	3 342	3 342	3 342	3 342	3 342	3 342	3 342	3 342	40 104	42 976	45 876
Internal audit		96	96	96	96	96	96	96	96	96	96	96	96	1 154	1 239	1 330
Community and public safety		**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**1 566**	**18 789**	**28 740**	**20 625**
Community and social services		543	543	543	543	543	543	543	543	543	543	543	543	6 520	7 028	7 525
Sport and recreation		796	796	796	796	796	796	796	796	796	796	796	796	9 554	10 231	10 955
Public safety		19	19	19	19	19	19	19	19	19	19	19	19	228	241	254
Housing		207	207	207	207	207	207	207	207	207	207	207	207	2 489	11 240	1 890
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**3 836**	**3 836**	**3 836**	**3 836**	**3 836**	**3 836**	**3 836**	**3 836**	**3 836**	**3 836**	**3 836**	**3 932**	**46 125**	**46 613**	**48 572**
Planning and development		313	313	313	313	313	313	313	313	313	313	313	313	3 756	4 029	4 322
Road transport		3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	3 523	42 273	42 482	44 143
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	96	96	102	108
Trading services		**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**8 206**	**98 474**	**104 040**	**109 910**
Energy sources		5 444	5 444	5 444	5 444	5 444	5 444	5 444	5 444	5 444	5 444	5 444	5 444	65 323	68 721	72 296
Water management		933	933	933	933	933	933	933	933	933	933	933	933	11 197	11 951	12 752
Waste water management		1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	1 064	12 768	13 621	14 525
Waste management		765	765	765	765	765	765	765	765	765	765	765	765	9 185	9 741	10 337
Other		409	409	409	409	409	409	409	409	409	409	409	**409**	**4 913**	**5 213**	**5 528**
Total Expenditure - Functional		**19 336**	**19 336**	**19 336**	**19 336**	**19 336**	**19 336**	**19 336**	**19 336**	**19 336**	**19 336**	**19 336**	**19 433**	**232 130**	**251 658**	**256 068**
Surplus/(Deficit) before assoc.		**(84)**	**(84)**	**(84)**	**(84)**	**(84)**	**(84)**	**(84)**	**(84)**	**(84)**	**(84)**	**(84)**	**(180)**	**(1 099)**	**(2 773)**	**1 329**

Table SA28 - Budgeted monthly capital expenditure (municipal vote)

WC034 Swellendam - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Multi-year expenditure ***to be appropriated***	1															
Vote 1 - Municipal Manager													–	–	–	–
Vote 2 - Corporate Services													–	–	–	–
Vote 3 - Finance Service													–	–	–	–
Vote 4 - Engineers Service													–	–	–	–
Vote 5 - Community Services													–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Single-year expenditure ***to be appropriated***																
Vote 1 - Municipal Manager		45 916.67	46	46	46	46	46	46	46	46	46	46	46	551	–	–
Vote 2 - Corporate Services		10	10	10	10	10	10	10	10	10	10	10	10	115	800	200
Vote 3 - Finance Service		26	26	26	26	26	26	26	26	26	26	26	26	310	1 930	1 730
Vote 4 - Engineers Service		1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	1 083	12 992	401	410
Vote 5 - Community Services		399	399	399	399	399	399	399	399	399	399	399	399	4 793	230	263
Capital single-year expenditure sub-total	2	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**18 761**	**3 361**	**2 603**
Total Capital Expenditure	2	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**1 563**	**18 761**	**3 361**	**2 603**

Table SA29 - Budgeted monthly capital expenditure (standard classification)

WC034 Swellendam - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
Governance and administration		–	2	2	38	12	30	–	–	220	220	220	220	966	2 870	2 070
Executive and council		–	–	–	–	–	6	–	–	7	7	7	7	35	15	15
Finance and administration		–	2	2	22	12	25	–	–	217	217	217	217	931	2 855	2 055
Internal audit		–	–	–	16	–	–	–	–	(4)	(4)	(4)	(4)	–	–	–
Community and public safety		–	–	13	–	–	46	–	–	968	968	968	968	3 933	–	28
Community and social services		–	–	13	–	–	46	–	–	(5)	(5)	(5)	(5)	41	–	28
Sport and recreation									–	223	223	223	223	892	–	–
Public safety									–	–	–	–	–	–	–	–
Housing									–	750	750	750	750	3 000	–	–
Health									–	–	–	–	–	–	–	–
Economic and environmental services		–	5	5	1 011	2 030	561	–	0	252	252	252	252	4 621	230	235
Planning and development		–	4	5	–	–	–	–	0	0	0	0	–	10	–	–
Road transport		–	1	–	1 011	2 030	561	–	–	252	252	252	252	4 611	230	235
Environmental protection									–	–	–	–	–	–	–	–
Trading services		–	–	–	–	506	464	–	–	2 067	2 067	2 067	2 067	9 241	261	270
Energy sources						506	464	–	–	2 067	2 067	2 067	2 067	9 241	261	270
Other													–	–	–	–
Total Capital Expenditure - Functional	2	–	7	20	1 049	2 548	1 102	–	0	3 509	3 509	3 509	3 508	18 761	3 361	2 603
Funded by:																
National Government		–	–	7	1 011	2 498	994	–	–	2 575	2 575	2 575	2 575	14 810	–	–
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		–	–	7	1 011	2 498	994	–	–	2 575	2 575	2 575	2 575	14 810	–	–
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds			7	13	38	50	62	–	–	945	945	945	945	3 951	3 361	2 603
Total Capital Funding		–	7	20	1 049	2 548	1 056	–	–	3 520	3 520	3 520	3 520	18 761	3 361	2 603

Section 13 - Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

Section 14 - Capital expenditure details

The following tables present details of the Municipality's capital expenditure program.

Table SA 34a - Capital expenditure on new assets by asset class

WC034 Swellendam - Supporting Table SA34a Capital expenditure on new assets by asset class				
Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure on new assets by Asset Class/Sub-class				
Infrastructure		**13 013**	**250**	**250**
Roads Infrastructure		4 150	–	–
Roads		–	–	
Road Structures		3 789	–	
Road Furniture		361	–	
Capital Spares		–	–	
Storm w ater Infrastructure		–	–	–
Drainage Collection		–	–	
Storm water Conveyance		–	–	
Attenuation		–	–	
Electrical Infrastructure		2 154	250	250
Power Plants		–	–	
HV Substations		2 004	250	250
HV Switching Station		–	–	
HV Transmission Conductors		–	–	
MV Substations		–	–	
MV Switching Stations		–	–	
MV Networks		–	–	
LV Networks		–	–	
Capital Spares		150	–	
Water Supply Infrastructure		4 016	–	–
Dams and Weirs		1 930	–	
Boreholes		–	–	
Reservoirs		1 286	–	
Pump Stations		370	–	
Water Treatment Works		180	–	
Bulk Mains		–	–	
Distribution		250	–	
Distribution Points		–	–	
PRV Stations		–	–	
Capital Spares		–	–	
Sanitation Infrastructure		2 643	–	–
Pump Station		450	–	
Reticulation		–	–	
Waste Water Treatment Works		2 193	–	
Outfall Sewers		–	–	
Toilet Facilities		–	–	
Capital Spares		–	–	
Solid Waste Infrastructure		50	–	–
Landfill Sites		50		
Waste Transfer Stations		–		
Waste Processing Facilities		–		
Waste Drop-off Points		–		
Waste Separation Facilities		–		
Electricity Generation Facilities		–		
Capital Spares		–		

Community Assets		**902**	**800**	**200**
Community Facilities		10	800	200
Halls		–		
Centres		–		
Crèches		–		
Clinics/Care Centres		–		
Fire/Ambulance Stations		–		
Testing Stations		–		
Museums		–		
Galleries		–		
Theatres		–		
Libraries		–		
Cemeteries/Crematoria		–		
Police		–		
Purls		–		
Public Open Space		10		
Nature Reserves		–		
Public Ablution Facilities		–		
Markets		–		
Stalls		–		
Abattoirs		–		
Airports		–		
Taxi Ranks/Bus Terminals		–	800	200
Capital Spares		–		
Sport and Recreation Facilities		892	–	–
Indoor Facilities		–		
Outdoor Facilities		892		
Capital Spares		–		
Heritage assets		–	–	–
Monuments		–		
Historic Buildings		–		
Works of Art		–		
Conservation Areas		–		
Other Heritage		–		
Investment properties		**–**	**–**	**–**
Revenue Generating		–	–	–
Improved Property		–		
Unimproved Property		–		
Non-revenue Generating		–	–	–
Improved Property		–		
Unimproved Property		–		

Other assets		**3 650**	**–**	**–**
Operational Buildings		650	–	–
Municipal Offices		50		
Pay/Enquiry Points		–		
Building Plan Offices		600		
Workshops		–		
Yards		–		
Stores		–		
Laboratories		–		
Training Centres		–		
Manufacturing Plant		–		
Depots		–		
Capital Spares		–		
Housing		3 000	–	–
Staff Housing		–		
Social Housing		3 000		
Capital Spares		–		
Biological or Cultivated Assets		–	–	–
Biological or Cultivated Assets		–		
Computer Equipment		700	1 600	1 600
Computer Equipment		700	1 600	1 600
Furniture and Office Equipment		186	270	270
Furniture and Office Equipment		186	270	270
Machinery and Equipment		80	11	48
Machinery and Equipment		80	11	48
Transport Assets		230	430	235
Transport Assets		230	430	235
Libraries		–	–	–
Libraries		–		
Zoo's, Marine and Non-biological Animals		–	–	–
Zoo's, Marine and Non-biological Animals				
Total Capital Expenditure on new assets	1	**18 761**	**3 361**	**2 603**

Table SA34c - Repairs and maintenance expenditure by asset class

WC034 Swellendam - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Repairs and maintenance expenditure by Asset Class/Sub-class				
Infrastructure		**8 693**	**9 122**	**9 633**
Roads Infrastructure		2 211	2 271	2 398
Roads		73	11	11
Road Structures		1 874	1 981	2 092
Road Furniture		264	280	295
Capital Spares		–	–	–
Storm water Infrastructure		663	701	740
Drainage Collection		–	–	–
Storm water Conveyance		663	701	740
Attenuation		–	–	–
Electrical Infrastructure		1 291	1 365	1 442
Power Plants		–	–	–
HV Substations		–	–	–
HV Switching Station		–	–	–
HV Transmission Conductors		1 284	1 357	1 433
MV Substations		–	–	–
MV Switching Stations		–	–	–
MV Networks		–	–	–
LV Networks		7	8	8
Capital Spares		–	–	–
Water Supply Infrastructure		2 310	2 442	2 578
Dams and Weirs		10	11	11
Boreholes		–	–	–
Reservoirs		674	713	752
Pump Stations		–	–	–
Water Treatment Works		1 583	1 673	1 767
Bulk Mains		–	–	–
Distribution		43	45	48
Distribution Points		–	–	–
PRV Stations		–	–	–
Capital Spares		–	–	–
Sanitation Infrastructure		1 160	1 227	1 295
Pump Station		–	–	–
Reticulation		353	373	394
Waste Water Treatment Works		807	853	901
Outfall Sewers		–	–	–
Toilet Facilities		–	–	–
Capital Spares		–	–	–
Solid Waste Infrastructure		1 056	1 116	1 179
Landfill Sites		1 056	1 116	1 179
Waste Transfer Stations		–	–	–
Waste Processing Facilities		–	–	–
Waste Drop-off Points		–	–	–
Waste Separation Facilities		–	–	–
Electricity Generation Facilities		–	–	–
Capital Spares		–	–	–
Community Assets		**1 293**	**1 413**	**1 492**
Community Facilities		964	1 064	1 124
Halls		215	273	288
Centres		–	–	–
Crèches		–	–	–
Clinics/Care Centres		–	–	–
Fire/Ambulance Stations		161	171	180
Testing Stations		–	–	–
Museums		–	–	–
Galleries		–	–	–
Theatres		–	–	–
Libraries				
Cemeteries/Crematoria		116	122	129
Police		–	–	–
Purls		–	–	–
Public Open Space		472	499	527
Nature Reserves		–	–	–
Public Ablution Facilities		–	–	–
Markets		–	–	–
Stalls		–	–	–
Abattoirs		–	–	–
Airports		–	–	–
Taxi Ranks/Bus Terminals		–	–	–
Capital Spares		–	–	–

Sport and Recreation Facilities		329	348	368
Indoor Facilities		–	–	–
Outdoor Facilities		329	348	368
Capital Spares		–	–	–
		1	1	1
Investment properties		**196**	**207**	**219**
Revenue Generating		196	207	219
Improved Property		–	–	–
Unimproved Property		196	207	219
Non-revenue Generating		–	–	–
Improved Property		–		
Unimproved Property				
Other assets		**526**	**556**	**588**
Operational Buildings		526	556	588
Municipal Offices		506	535	565
Pay/Enquiry Points		–	–	–
Building Plan Offices		–	–	–
Workshops		–	–	–
Yards		–	–	–
Stores		20	21	23
Laboratories		–	–	–
Training Centres		–	–	–
Manufacturing Plant		–	–	–
Depots		–	–	–
Capital Spares		–	–	–
Computer Equipment		2 500	2 642	2 790
Computer Equipment		2 500	2 642	2 790
Furniture and Office Equipment		89	94	99
Furniture and Office Equipment		89	94	99
Machinery and Equipment		541	572	604
Machinery and Equipment		541	572	604
Transport Assets		2 536	2 680	2 830
Transport Assets		2 536	2 680	2 830
Libraries		283	299	315
Libraries		283	299	315
Zoo's, Marine and Non-biological Animals		–	–	–
Zoo's, Marine and Non-biological Animals				
Total Repairs and Maintenance Expenditure	1	**16 656**	**17 585**	**18 570**

Section 15 - Other supporting documents

Table SA1 - Supporting detail to budgeted financial performance

WC034 Swellendam - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'				
Description	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
REVENUE ITEMS:				
Property rates	6			
Total Property Rates		38 854	41 574	44 484
less Revenue Foregone ***(exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)***		3 896	4 165	4 452
Net Property Rates		**34 958**	**37 409**	**40 032**
Service charges - electricity revenue	6			
Total Service charges - electricity revenue		70 004	73 516	77 205
less Revenue Foregone ***(in excess of 50 kwh per indigent household per month)***				
less Cost of Free Basis Services (50 kwh per indigent household per month)		395	418	444
Net Service charges - electricity revenue		**69 609**	**73 098**	**76 761**
Service charges - water revenue	6			
Total Service charges - water revenue		**15 062**	**16 103**	**17 216**
less Revenue Foregone ***(in excess of 6 kilolitres per indigent household per month)***				
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		1 262	1 334	1 409
Net Service charges - water revenue		**13 800**	**14 769**	**15 807**
Service charges - sanitation revenue				
Total Service charges - sanitation revenue		**17 434**	**18 639**	**19 927**
less Revenue Foregone ***(in excess of free sanitation service to indigent households)***				
less Cost of Free Basis Services (free sanitation service to indigent households)		4 366	4 628	4 906
Net Service charges - sanitation revenue		**13 068**	**14 011**	**15 021**
Service charges - refuse revenue	6			
Total refuse removal revenue		10 526	11 262	12 051
Total landfill revenue				
less Revenue Foregone ***(in excess of one removal a week to indigent households)***				
less Cost of Free Basis Services (removed once a week to indigent households)		2 413	2 550	2 693
Net Service charges - refuse revenue		**8 113**	**8 712**	**9 358**
Other Revenue by source				
Fuel Levy		–	–	–
Change of Phasing		29	31	32
Valuation sertificates		171	181	192
Telephone		80	85	90
Tenders		54	57	60
Other Revenue		1 474	1 562	1 656
	3			
Total 'Other' Revenue	1	**1 807**	**1 916**	**2 031**
EXPENDITURE ITEMS:				
Employee related costs				
Basic Salaries and Wages	2	56 012	60 210	64 724
Pension and UIF Contributions		8 847	9 511	10 224
Medical Aid Contributions		6 555	7 034	7 547
Overtime		3 207	3 447	3 706
Performance Bonus		653	702	754
Motor Vehicle Allowance		4 300	4 623	4 970
Cellphone Allowance		–	–	–
Housing Allowances		590	635	682
Other benefits and allowances		3 517	3 737	4 017
Payments in lieu of leave		935	1 006	1 081
Long service awards				
Post-retirement benefit obligations	4			
sub-total	5	**84 616**	**90 904**	**97 705**
Less: Employees costs capitalised to PPE				
Total Employee related costs	1	**84 616**	**90 904**	**97 705**

Depreciation & asset impairment				
Depreciation of Property, Plant & Equipment		10 830	11 430	12 053
Lease amortisation				
Capital asset impairment				
Depreciation resulting from revaluation of PPE	10			
Total Depreciation & asset impairment	1	**10 830**	**11 430**	**12 053**
Bulk purchases				
Electricity Bulk Purchases		53 280	55 944	58 741
Water Bulk Purchases				
Total bulk purchases	1	**53 280**	**55 944**	**58 741**
Transfers and grants				
Cash transfers and grants		1 582	1 672	1 766
Non-cash transfers and grants		–	–	–
Total transfers and grants	1	**1 582**	**1 672**	**1 766**
Other Expenditure By Type				
Advertising		322	340	359
Agency Fees		6 505	6 876	7 261
Audit Committee Fees		64	68	72
Audit Fees		2 700	2 854	3 014
Bank charges		772	816	862
Consultant fees		1 875	1 981	2 092
Entertainment		185	196	207
Fuel		80	85	89
General expenses		1 242	1 314	1 388
GIS		235	249	263
Grants projects		4 071	11 667	2 182
Insurance		553	584	617
Laboratory services		276	292	309
Legal fees		352	372	393
Licences		214	226	239
Machinery hire		987	1 043	1 102
Meter replacement		142	150	158
Monitoring fees		321	339	358
Repairs and maintenance		2 027	2 076	2 193
Postage		859	908	958
Refuse bags		520	550	581
Security		806	852	899
Shared services		188	198	209
Stationary		662	699	739
Subscriptions		861	910	961
Subsistance and travel cost		641	677	715
Telephone cost		1 806	1 909	2 015
Training		864	926	993
Valuation cost		1 400	300	317
Vehicle running cost		3 351	3 542	3 741
Vehicles rentals		477	504	532
WCA contributions		519	558	600
Total 'Other' Expenditure	1	**35 876**	**44 061**	**36 417**

Repairs and maintenance	8			
Employee related costs		–		
Other materials		14 629	15 509	16 377
Contracted Services		–		
Other Expenditure		2 027	2 076	2 193
Total Repairs and Maintenance Expenditure	9	16 656	17 585	18 570

Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

WC034 Swellendam - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Municipal Manager	Vote 2 - Corporate Services	Vote 3 - Finance Service	Vote 4 - Engineers Service	Vote 5 - Community Services	Total
R thousand	1						
Revenue By Source							
Property rates		–	–	34 958	–	–	**34 958**
Service charges - electricity revenue		–	–	–	69 569	40	**69 609**
Service charges - water revenue		–	–	–	13 800	–	**13 800**
Service charges - sanitation revenue		–	–	–	13 068	–	**13 068**
Service charges - refuse revenue		–	–	–	–	8 113	**8 113**
Service charges - other		–	–	–	–	64	**64**
Rental of facilities and equipment		139	147	–	–	1 284	**1 570**
Interest earned - external investments		–	–	2 461	–	–	**2 461**
Interest earned - outstanding debtors		–	–	2 087	–	–	**2 087**
Dividends received		–	–	–	–	–	**–**
Fines, penalties and forfeits		–	–	–	–	26 818	**26 818**
Licences and permits		–	–	–	–	896	**896**
Agency services		–	–	–	–	1 705	**1 705**
Other revenue		–	1 108	384	188	127	**1 807**
Transfers and subsidies		–	26 201	1 940	15 408	8 525	**52 074**
Gains on disposal of PPE		–	2 000	–	–	–	**2 000**
Total Revenue (excluding capital transfers and contributions		**139**	**29 456**	**41 830**	**112 033**	**47 572**	**231 031**
Expenditure By Type							
Employee related costs		2 486	11 191	17 587	27 874	25 479	**84 616**
Remuneration of councillors		–	5 124	–	–	–	**5 124**
Debt impairment		–	–	–	1 632	18 368	**20 000**
Depreciation & asset impairment		–	155	683	7 057	2 934	**10 830**
Finance charges		–	5 789	–	–	405	**6 193**
Bulk purchases		–	–	–	53 280	–	**53 280**
Other materials		112	923	1 781	7 731	4 081	**14 629**
Contracted services		–	–	–	–	–	**–**
Transfers and subsidies		1 252	330	–	–	–	**1 582**
Other expenditure		2 299	5 319	9 904	10 188	8 166	**35 875**
Loss on disposal of PPE		–	–	–	–	–	**–**
Total Expenditure		**6 149**	**28 830**	**29 955**	**107 762**	**59 433**	**232 129**
Surplus/(Deficit)		**(6 010)**	**626**	**11 875**	**4 271**	**(11 861)**	**(1 099)**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)							**–**
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)							**–**
Transfers and subsidies - capital (in-kind - all)							**–**
Surplus/(Deficit) after capital transfers & contributions		**(6 010)**	**626**	**11 875**	**4 271**	**(11 861)**	**(1 099)**

SA32 – List of external mechanisms

The Municipality has none therefore the table is not included

Section 16 – Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In-year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Financial Management Internship programme and has employed four interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is in a draft stage and will be finalized after the approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/2018 MTREF.

6. Annual Report

The Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. MMC Training

The University of Stellenbosch has proposed a new schedule of dates for the full MMC – programme in 2017 to give those who are busy an opportunity to complete.

8. Policies

Revised policies in terms of the Municipal Budget and Reporting Regulations are tabled with the 2017/2018 MTREF.

Section 18 - Municipal manager's quality certificate

I Cecil Africa, Municipal Manager of Swellendam Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Swellendam Municipality (WC034)

Signature _____

Date _____

SWELLENDAM MUNICIPALITY

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